GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2767
ANSWERED ON:17.12.2008
PRODUCTION AND CONSUMPTION OF TOBACCO
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to discourage the production and consumption of tobacco by imposing high duty;and

(b) if so,the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) The rates of excise duty applicable to tobacco products such as cigarettes,chewing tobacco, gutkha etc.are already much higher than the mean CENVAT rate of 10% ad valorem since these goods are treated as demerit goods.

(b) At present, cigarettes attract specific rates ranging from Rs.819 to Rs.2163 per thousand cigarettes (excluding education cesses),chewing tobacco etc.attracts a total duty of 66% (excluding education cesses) and pan masala (with tobacco) attracts duty on per machine basis,ranging from a monthly levy of Rs.12.5 lakhs per machine to beyond Rs. 70 lakhs per machine depending on the price denomination of the pouch. The duty on biris varies from Rs.14 per thousand to Rs.26 per thousand (excluding education cesses).